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Mr. Chairman, members of the Committee, I am pleased to appear before you today. I welcome the opportunity to discuss the pending trade agreements with South Korea, Colombia, and Panama, the contribution to the economy of U.S. agricultural exports, and the capacity of our rural communities to meet the country's agricultural needs and capitalize on export opportunities.

In a word, the most paramount reason to implement these three pending trade agreements is "jobs." For agricultural exports alone, USDA's Economic Research Service (ERS) projects that on full implementation, the three agreements will yield over $2 billion in sales. For every billion dollars of agricultural exports, there are 8,400 people working in America in jobs associated with those exports. The additional jobs generated by the agreements will add to the tremendous story of U.S. agriculture's contribution to our economy.

One out of every twelve jobs in this country is connected in some way, shape, or form to American farms. Our farmers and ranchers also make sure that this country is food secure. American consumers spend less for their groceries than virtually anybody else in the world — a recent study that we did at USDA suggested that just 6 to 7 percent of our paychecks, on average, go to the grocery store.

USDA looked at 2011 and we project that it is going to be a good year for farm country. We see net farm income increasing to $94.7 billion. That is a 20-percent increase over last year, and last year was a 34-percent increase over the year before. It will be the second highest income level as adjusted for inflation in the last three decades. That is certainly good news. Crop receipts are up 14 percent, to $24.1 billion, led by corn, cotton, soybeans, and wheat; and livestock receipts also are edging up a bit. We now see the value of farm assets exceeding $2 trillion. We have basically recouped all of the loss we suffered in 2009, and that is certainly a good story.

Today we are here to talk about trade, one of the brightest spots in the agricultural economy. As this Committee is aware, in agriculture, we consistently post a trade surplus, and are coming off a great year. USDA's forecast for U.S. agricultural exports for FY 2011 is a record high $135.5 billion, up from $108.7 billion in FY 2010, and the previous record of $114.9 billion in FY 2008. We are projecting a trade surplus of $47.5 billion. If we reach $135.5 billion, that means over a million people will have jobs that might not otherwise be employed but for agricultural exports.

USDA is focused on a trade strategy that will continue to increase trade opportunities. In addition to our non-stop efforts to eliminate unwarranted sanitary and phytosanitary (SPS) and technical barriers, our strategy includes securing Congressional approval of the trade agreements with South Korea, Colombia, and Panama.

In the Korea agreement (KORUS), we have a multi-billion-dollar trade opportunity. Almost two-thirds of the items that we currently trade to Korea will be duty free immediately, including corn, soybeans for crush, cotton, cherries, orange juice, grape juice, and whey. Other commodities will have their tariffs and duties reduced over a period of time, creating tremendous opportunity for us to grow our export opportunities within Korea. ERS projects that on full implementation, U.S. agricultural export gains under KORUS would be over $1.9 billion annually.

Increased meat and poultry access includes reductions in Korea's tariffs on beef, which will decline from the current 40 percent to zero in 15 equal annual reductions; duty-free entry for more than 90 percent of U.S. pork products by 2016; and tariffs on poultry leg quarters dropping from 20 percent to zero over 10 years. The KORUS agreement creates tariff-rate quotas that double current access for dairy products.

Looking at the Colombia Trade Promotion Agreement, the news is also good for U.S. agriculture. On full implementation, ERS estimates that the Colombia agreement will generate an increase of 44 percent in U.S. agricultural exports, or an additional $370 million per year. On day one of implementation of the Colombia agreement, U.S. exporters receive immediate duty-free treatment on products accounting for almost 70 percent of current trade. Currently, no U.S. agricultural exports enjoy duty-free access to Colombia, with most applied tariffs ranging from 5 to 20 percent on agricultural products.

Colombia would immediately eliminate its price band system, which affects more than 150 products, including corn, rice, wheat, oilseeds, oilseed products, dairy, pork, poultry, and sugar. Under the current price band system, the tariffs on these products vary with world prices. Under the terms of the agreement with Colombia, all prime and choice beef cuts receive immediate duty-free treatment. Tariffs on most key pork products phase-out within five years and chicken leg quarters receive an immediate 27,040 metric ton tariff-rate quota (TRQ) with 4 percent annual growth.

U.S. agricultural exports to Panama have been on the rise, growing to over $450 million in 2010. On full implementation of the Panama agreement, U.S. exporters can expect an additional $46 million in annual sales of rice, corn, meats, dairy, and processed foods. Tariffs on 68 percent of Panama's agricultural tariff lines, accounting for more than half of current U.S. trade by value, will be eliminated on entry into force of the agreement.

Like the Colombia agreement, the Panama agreement will provide immediate duty-free treatment for USDA Prime and Choice beef cuts. Tariffs on pork variety meats will be eliminated immediately and preferential duty-free TRQs will be established and grow over time for fresh and frozen pork cuts, pork fat and bacon, and processed pork. Likewise, a TRQ will be established for chicken leg quarters and, over time, all tariffs on poultry will be eliminated.

It is critical for U.S. agriculture that we work together to move the three pending trade agreements as part of our broader trade agenda that includes the reauthorization of the 2009 Trade Adjustment Assistance program, renewal of trade preference programs, and pursuing Permanent Normal Trade Relations (PNTR) with Russia as it joins the WTO. We must lock in equal and better access to these markets than our competitors. Korea recently ratified an agreement with the European Union, which will go into effect on July 1; recently signed an agreement with Peru; already has in place a trade agreement with Chile; and is negotiating with Australia, Colombia, Turkey, and New Zealand. Colombia has finalized agreements with the E.U. and Canada, is a party to the MERCOSUR-Andean Community agreement, and has many FTAs with countries throughout the hemisphere. Panama negotiated an agreement with Canada in 2010 and has recently initialed an agreement with the European Union. Panama already has FTAs in place with Chile and numerous Central American neighbors. Until we complete these three trade agreements, U.S. agriculture will not have a level playing field in these important markets.

In addition to the pending trade agreements, the Administration seeks to renew the 2009 Trade Adjustment Assistance program, the Andean Trade Preference Act (ATPA), and the

Generalized System of Preferences (GSP), and to secure Permanent Normal Trade Relations (PNTR) with Russia. The preference programs, ATPA and GSP, are critical to developing countries' continued growth, helping them grow their industries and become more developed markets. Additionally, these programs provide U.S. businesses the inputs and products they need to keep good jobs here at home. Russia has become an increasingly important destination for American agricultural goods, and moving Russia fully into the global, rules-based WTO trading system will benefit U.S. agricultural exporters.

At USDA, we have also focused on reducing trade barriers, and that is why I was so pleased when President Obama and President Calderon met and agreed on a path forward on the Mexican trucking issue. That is going to be a great opportunity for us to remove the tariffs that Mexico has assessed against 99 of our products, 54 of them agricultural products. It will restore and expand trade opportunities for us in Mexico. The U.S. Department of Transportation released the details of a proposed new program that prioritizes safety, while satisfying the United States' trade obligations. Mexico has committed to suspend 50 percent of the currently charged tariffs when an agreement is signed and the remaining 50 percent when the first Mexican truck receives authorization under the new program.

I am frequently asked about our efforts to reduce barriers to U.S. beef exports. Nearly 100 countries are open to at least some U.S. beef and beef products. This reflects the tireless efforts of USDA and USTR to prevent markets from closing, as well as the re-opening of some 80 markets after the detection of a case of BSE in 2003. Continued recovery and expansion of beef trade remains a priority for USDA and USTR. U.S. beef and beef product exports were valued at nearly $4.08 billion in calendar year 2010. While that value of trade is on par with the pre-BSE level of 2003, volumes still lag.

USDA has also addressed export barriers to U.S. specialty crops in key markets. In FY 2010, the value of specialty crop exports increased 8 percent from FY 2009 levels to more than $17.4 billion. The Administration secured Indonesia's recognition of the U.S. food safety system for fresh foods including specialty crops, facilitating exports valued at over $100 million last year. USDA arranged for a European inspection visit regarding mycotoxins in California pistachios, thus preventing disruption of exports that totaled $305 million in 2010. We worked quickly with West Coast cherry exporters to address SPS concerns in Korea and Taiwan, preserving export opportunities for $7 million in perishable products.

We are going to continue to focus on countries where there are increasing middle classes, and China is probably the best example. In 2010, China became our number one agricultural export market; so our top three agricultural markets are now China, Canada, and Mexico. Analysis by our Foreign Agricultural Service suggests that the size of the middle class in developing countries could reach 731 million households by 2020, up over 100 percent from 2009 levels. These middle class households will have the purchasing power for high quality U.S. agricultural products. It is one of the reasons we sent trade missions to Indonesia and Peru this year, in an effort to continue to promote agricultural opportunities - American agricultural opportunities. In Peru, where we have preferential market access from an existing trade agreement, USDA facilitated face-to-face meetings for twenty U.S. companies with processors, buyers, and traders. Business deals were finalized taking advantage of new opportunities, which translates into American jobs.

We are going to continue our focus on export promotion, including trade shows. We will bring more foreign buyers to the United States. We are going to continue to promote American products. We are going to make sure that we also encourage our trading partners to reduce the sanitary and phytosantiary barriers that make it more difficult for us to bring product into their markets. For example, we are in the process of third-party mediation with Mexico in an effort to expand access to all of Mexico for U.S. table stock potatoes, which are limited to a 26 kilometer border zone due to pest concerns.

Under the Administration's National Export Initiative, President Obama has set a goal of doubling U.S. exports over 5 years. Opening new markets is key. Also key to meeting that goal is the productivity of U.S. farmers and ranchers. Nobody in this country, nobody in this economy, has been as productive over the long haul as American agriculture. In my lifetime, there has been a 330-percent increase in corn production and an over 200-percent increase in soybeans and wheat production. American farmers embrace technology, and because of that, American farmers now are able to meet our food, feed, fiber, and fuel needs and significantly boost our economy through exports to markets around the world.

Mr. Chairman, members of the Committee, the message I hear from farm country is simple. We need an economy that makes, creates, and innovates, and we need a nation that exports. When we do that, we see the kind of income projections we are speaking of today in farm country and all across the country.

This concludes my statement. I look forward to answering any questions you may have. Thank you.