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NEW YORK APPLE ASSOCIATION, INC.

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Submitted Testimony of James S. Allen  
President/CEO  
New York Apple Association, Inc.  
Before the United States Senate Committee on Finance  
Hearing on Trade Promotion Authority  
Thursday January 16, 2014

Thank you Chairman Baucus, Ranking Member Hatch, and distinguished members of the Senate Committee on Finance. I am honored to have been invited here today to speak with you about the importance and the values of the Trade Promotion Authority and the execution of Free Trade Agreements.

My name is James S. Allen and as President of the New York Apple Association, I have the pleasure of representing close to 700 commercial apple growers in the Empire State. In my 14 years as President, I have worked closely with our past and present apple leaders, serving on Senator Clinton's, Senator Gillibrand's and Senator Schumer's many agricultural-related task forces and advisory committees.

At the risk of sounding provincial, I would like to take this opportunity to recognize the Honorable Charles Schumer for his unyielding support over the years of our New York apple industry. He has been often referred to as the "Farmer Senator from Brooklyn". Thank you Senator Schumer.

We take apple growing very seriously in New York, and we are presently the second largest apple-growing state in the union, pumping over \$300 million a year into our economy. The prestigious leader in production is Senator Cantwell's home state of Washington; third is Senator Stabenow's beloved Michigan. Senators Casey and Toomey from Pennsylvania represent the fourth leading apple-producing state, followed by California to round out the top five.

But today I want to speak to you with an industry-wide message; one voice that echoes the concerns of all major apple-producing states from the East Coast to the West Coast.

The United States is the world's leading exporter of agricultural products reaching a value of \$140 billion and providing nearly 1 million U.S. jobs. It is well known that soybeans, corn and wheat are the top three commodities; but number four is fruit and fruit products, reaching an estimated \$7.82 billion.

Fresh apple exports represent over \$1 billion in farm gate revenues for U.S. growers. U.S. apples are exported to over 70 different countries. Leading the way are Mexico, Canada, Taiwan, South America, India, United Arab Emirates, Hong Kong, the Middle East, Vietnam and Indonesia. Add this to the additional income from transportation, services and infrastructure revenues, and the value of apple exports are greatly increased.

The aforementioned apple-producing states rely on export markets to help balance domestic supply levels, and to expand markets. For New York state, although our export percentages are dwarfed by Washington state, the volume that we export greatly enhances our overall apple business.

New York's major markets are Canada, South America and the European Union. Volume levels approaching 1 million cartons are vital to our overall marketing plans. In the case of Washington, it represents close to 40 million cartons, which is 32 percent of that state's total production. I would be remiss if I did not point out that the Market Access Program (MAP) that is authorized in the Farm Bill plays a major role in our export programs and underscores the importance of the Farm Bill.

In the world apple market, all U.S. apples generally compete on the same playing field; and when it comes to trade agreements, trade barriers, and Trade Promotion Authority (TPA), as an industry we work together to benefit all U.S. growers. It is safe to say that a trade barrier that impedes Washington apple exports will also adversely affect New York, Michigan and the other exporting regions.

Challenges remain for U.S. agriculture because ag exports often face barriers imposed by countries that keep U.S. products from reaching their target markets, such as unscientific sanitary and phytosanitary measures on pesticides and food additives. Unfortunately, this is a familiar scenario in the apple export arena.

My counterpart Todd Fryhover, President of the Washington Apple Commission, makes a good point that I agree with when he states that, "Trade agreements provide a platform for all participants to address the wants and needs of potential exporting countries, while extending the same benefit to domestic importing countries essentially for the betterment of consumers. Without trade agreements, the status quo remains consistent and is adverse to the principles of free trade. Ultimately, free trade is best for every economy and trade agreements open the doors to increased commerce."

U.S. farm groups support renewing TPA because they know that without the ability to negotiate and ratify trade agreements they will not be able to eliminate foreign barriers.

The U.S. apple industry supports renewing TPA for two reasons; the first is timing equitability. Trade agreements are being negotiated every day between countries, and because TPA isn't authorized, the United States lags behind in our ability to effectively negotiate and execute quickly on trade agreements, rendering U.S. producers uncompetitive. Secondly, authorizing

TPA provides U.S. negotiators with the ability to act within the parameters set forth by Congress, while gaining credibility with negotiating partners. It's difficult to imagine our negotiators needing to go back to Congress with the risk of potential amendment – TPA provides the detail on negotiating objectives and a strong consultations process, which allows for an up or down vote on agreements.

A successful example of the benefits of TPA for the U.S. apple industry would be the Central American Free Trade Agreement that was implemented a few years ago. Under CAFTA, U.S. apples now compete on a level playing field with other apple exporting countries such as Chile. This agreement has resulted in increased trade, and expanded markets for all U.S. apple-exporting states. As for the future, TPA could allow us to conclude trade talks with Europe and Asia that address the range of regulatory barriers preventing U.S. apples from competing on a level playing field in those markets.

As U.S. Trade Representative Michael Froman said just last week, “We need to open markets, support U.S. jobs, increase exports of products made in America and ensure a level playing field for Americans to compete in the global economy. The TPA will help us accomplish that goal.”

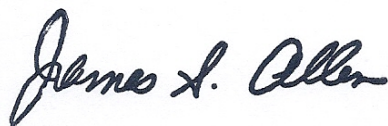
My final conclusion is that we know that we cannot stand on the sidelines and/or just choose to follow in world trade. The United States needs to take the lead to establish the ground rules and to negotiate trade agreements that will benefit commerce, producers, consumers and economies among trading partners. As we negotiate, we must be ever mindful that trade agreements must ensure that trading partners treat one another equally without imposing restrictions on one party over the other.

Our industry urges Congress to support updated TPA legislation so that U.S. apple growers can grow our markets, and supply nutritious and delicious U.S. apples to new markets around the world.

Mr. Chairman, Ranking Member Hatch and distinguished members of the committee, thank you for allowing me the opportunity to be with you today and to discuss the importance of TPA for America's apple growers.

I would close with a simple question for all of you ... *Have you had your apple today?*

Thank you and good day. I will be happy to provide additional information, if needed.  
Respectfully Submitted January 16, 2014,



James S. Allen  
President