



CALIFORNIA FARM BUREAU FEDERATION

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Mr. Daniel Watson
Deputy Assistant United States Trade Representative for North America
600 17th St., NW
Washington, D.C. 20508

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Comments on Negotiating Objectives Regarding Modernization of the North American Free Trade Agreement with Canada and Mexico

The California Farm Bureau Federation is a non-governmental, non-profit, voluntary membership California corporation representing 48,000 farmers, ranchers, and associate members. Our purpose is to protect and promote agricultural interests throughout the state of California and to find solutions to problems on the farm, the farm home and in the rural community.

The California Farm Bureau Federation offers the following comments on the renegotiation priorities for the North American Free Trade Agreement (NAFTA). Trade is critical to the livelihood of the California agricultural industry because it spurs economic growth for our farmers and ranchers, as well as their communities. Just as critical, agriculture supports jobs in the food and agricultural sectors and beyond. In 2014, California agricultural exports reached \$21.59 billion in value and have continued to grow at an impressive pace over the past 10 years.

Existing trade agreements have proved successful in tearing down tariffs and addressing non-tariff trade barriers that hinder U.S. farmers' and ranchers' competitiveness and prevent us from taking advantage of consumer demand for high-quality U.S. food and agricultural products throughout the world. For consumers, trade agreements provide access to new varieties of food products, lower prices and off-season supplies of fresh produce.

The NAFTA trade agreement has been highly beneficial for California farmers, ranchers and associated businesses. As a result, Canada ranks second and Mexico is our fifth largest export destination for California produced agricultural products. With 400 commodities, we produce the most specialty crops in the nation. The top exported products to Canada include some of those specialty crops: fruits and nuts followed by vegetables. In 2015 alone, the U.S. exported a total of \$8.1 billion in specialty crop goods to Canada. Overall, Canada receives 47 percent of California's agricultural exports and Mexico receives 14 percent. Mexico receives 9 percent of all dairy exports, followed by a long list of specialty crops exported from California.

Despite the clear and numerous benefits, there are reasons to update and reform NAFTA from the

agriculture industry's perspective. Reducing redundant regulatory costs, expediting transit across borders and hastening the resolution of disputes between members would go a long way towards establishing more efficient trade between NAFTA partners.

For example, the rules related to biotechnology and sanitary and phytosanitary measures are ready for amendment to reflect the progress that has been made in these areas over the decades since NAFTA was first implemented. We also believe negotiations should address how U.S. agricultural exports to Canada would grow if tariff barriers specific to dairy were eliminated or reduced.

While there are several areas where the NAFTA agreement could be modernized to improve trade in agricultural goods, it is critical that the modernization effort should recognize and build upon the strong gains achieved by California agriculture through the tariff eliminations, the recognition of equivalency of numerous regulatory issues, and the development of integrated supply chains that have arisen due to the agreement.

In order to help California farmers and ranchers prosper from exports, we believe the following should be included or revised during the renegotiations of NAFTA:

- We support adding to the NAFTA agreement the SPS chapter language negotiated as part of the Trans Pacific Partnership (TPP), which would also serve to help strengthen the existing WTO SPS commitments.
- In addition to the TPP SPS text we recommend some additional, significant provisions that would ensure that the revised NAFTA agreement could be used as a model for future trade agreements the United States may enter.
- We seek to ensure the marketability of U.S. crops and improve international biotechnology regulatory policy, including through trade agreements like NAFTA. To this end, we seek to achieve enhanced cooperation between regulatory agencies and prevent trade disruptions related to agricultural production technologies like biotechnology.
- We support the inclusion of text from the TPP Chapter on Customs Administration and Trade Facilitation related to release of goods. NAFTA countries should commit to ensure that goods move through customs within 48 hours of arrival. Where a delay is due to a customs fee or duties dispute, the goods should be released on bond, subject to an appeal.

California agriculture depends upon a growing international economy that provides opportunities for farmers and ranchers to sell their products. Modernization of NAFTA will expand market opportunities for U.S. and California agriculture.

Please feel free to contact Sara Neagu-Reed at (916) 561-5612 with any questions regarding our comments.

Sincerely,



PAUL WENGER
President

