

Senate Democratic Policy Committee Hearing

“A Hearing on Recent U.S. Trade Agreements”

Robert Green

St. Thomas, North Dakota

On behalf of the Red River Valley Sugarbeet Growers Association

June 18, 2004

Good morning, and thank you, Senator Dorgan, for holding this very timely and important hearing.

My name is Robert Green. I farm sugarbeets in St. Thomas, North Dakota for the American Crystal Sugar Company, a grower-owned cooperative of 3,000 farmer shareholders located in the Red River Valley of North Dakota and Minnesota. The shareholders have a total investment of \$270 million in the Cooperative and produce beets on 500,000 acres.

I am pleased to testify on the subject of the Central American Free Trade Agreement and the effect that it and other free trade agreements could have on the U.S. sugar industry.

The Uniqueness of the U.S. Sugar Industry

Let's begin by understanding the uniqueness of the global sugar market and U.S. sugar industry.

The world sugar market is a dump market. Countries provide a vast array of subsidies to their farmers and export their surpluses to the world market at prices well below the average cost of production around the world. Seventy-five percent of world sugar production is produced in developing countries where health, safety, social and environmental standards are minimal and unenforced, if they exist at all. Simply put, these are predatory trade practices that threaten to ruin an efficient and globally competitive U.S. sugar industry. Our domestic policy is a proper response to those unfair subsidies provided by foreign governments.

It is also important to note that our program runs at no cost to the taxpayer and provides a reliable supply of high quality sugar to our consumers at prices that are 22 percent below the consumer prices in other developed countries.

One of the things people overlook when they read articles or hear news reports about sugar is that the U.S. sugar industry is not a surplus producer. In other words, while we are an efficient industry by world standards, we are not able to produce enough sugar to meet domestic demand and, therefore, are not able to export sugar.

This is not something we chose; it's something required of us. Under the World Trade Organization and the North American Free Trade Agreements, the U.S. is required to provide

access for about 15 percent of our needs every year. This makes us the 4th largest net importer of sugar in the world (adding \$660 million for imports as part of an already staggering trade deficit), which is clear evidence that we are neither protectionist nor isolationist.

No other commodity produced in the Red River Valley has to deal with this set of circumstances. Most—like wheat, corn, and soybeans—are able to produce as much as they want, knowing that any surplus can be exported. They can maintain efficiencies on their farm by expanding acreage, and all their fellow grain farmers across the country can do the same thing.

Not so for sugar. We do not export sugar, and we cannot expand acreage nationally. This is why every ton of additional access provided to another country in a trade agreement, when the market is already oversupplied, is an absolute and precious loss to every individual sugar farmer.

Fortunately, Red River Valley sugarbeet producers are not only efficient by world standards we're also the most efficient within the United States. But that does not mean that we are immune from the pressures of trade agreements. Bad trade agreements will cause real pain, right here at home.

My Farm

My farm is a fifth-generation family farm that grows sugarbeets. My grandfather started sugarbeets in 1928 with 15 acres. My father was active when it became apparent that, in order to continue, the growers themselves would have to risk everything, purchase a neglected company, and make it into one of the best agricultural cooperatives in the country and the finest sugarbeet cooperative in the world. I represent the third generation to farm sugarbeets, and just three years ago, while my son was still in college, I helped convince him that the time was right to take out a loan and start farming sugarbeets of his own.

Sugarbeets are the heart of our farm. This crop accounts for more than half of our economic activity, and the investments we have made over the years represent almost half of the farm's equity. If sugarbeets are taken out of our operation, or even if they're made less profitable, it would set our farm on an unpleasant and inevitable course to its demise. It would be like a small town when the bank closes its doors. It's only a matter of time before everything's gone.

Our Growing Region

Now let's look at the impact of the sugar industry on my home area. Three grower-owned cooperatives—4,071 independent family businesses—make up the sugar industry in North Dakota and Minnesota.

We have seven factories among the three cooperatives that are located in small rural towns and provide employment to many of the townspeople. The sugar industry is directly responsible for providing more than 2,600 jobs, and indirectly supports more than 29,000 jobs in associated businesses. These are good paying jobs that include benefits for the employees. Now that might not be many jobs in big cities like Washington, D.C., but if those factories close, people won't be able to just walk down the street and apply for another job at another firm, because those jobs don't exist. These factories help maintain the well being of our towns.

Our factories are unique facilities. The growers own them. They have been well maintained and improved over the years so they can efficiently produce sugar. But that is all they do—they make sugar. If these factories are shut down, they will be lost forever, which would be a total waste of our significant investment.

We often hear about the need for economic development in rural communities. It certainly is important to attract businesses to our towns. But we should not forget about businesses that are already here—businesses that provide good paying jobs for employees; businesses that allow people to remain in rural America; businesses that allow farmers to be profitable; and businesses that allow farmers, who are the primary stewards of the land, to stay on that land and produce a safe, healthy product for the consumers here in the US.

A Troubling Trend

My farm is a good example of what we in the Red River Valley sugarbeet industry have been doing for years—constantly working hard to be efficient, financially prudent, and forward thinking. We are striving for the things everyone else in America wants: a good standard of living for ourselves today and an opportunity to continue our way of life well into the future. My story can be replicated in the tens of thousands of sugarbeet and sugar cane farmers in 16 states.

But somebody seems to think there's something wrong with this. Somebody seems to think we should let these farms, the good paying jobs at the factories, and our strong but small communities, go elsewhere—overseas. They preach a grander, yet flawed, vision of America's future that seeks to move us away from agriculture and toward the latest innovations. They fail to recognize our efficiencies and the good that comes from having agriculture prosper in the United States.

I say agriculture—not just sugar—because that's what we're really talking about here. Sugar happens to be in the spotlight right now, but that's only because, as I stated earlier, we are an import crop with certain sensitivities. Others in agriculture will be targeted next. Count on it. Look at what's happening with the challenge against our cotton program by Brazil, which could have implications for many of our major commodities. How many problems do we have in agriculture where trading partners don't live up to their end of the agreement?

So I say to my colleagues in agriculture, don't think it can't happen to you. And even if you do expect a tough trade fight in the future from, say, Brazil, don't think you can win it alone. Agriculture—farmers!—need to stick together. That's the only way we're going to achieve our shared goal of maintaining the way of life we want for our families and ourselves.

Closing

Farmers have many things in common. But one of the most important things is that no matter what we produce, we work hard to produce it. We seek efficiencies on our farms and in our factories. We raise a high quality, home grown product that's safe and abundant. One would think that our government would see value in that and help us continue. Instead, our own government is threatening us with an incredibly misguided trade agenda that will put us out of business.

So as I walk the fields of our farm to care for this year's crop, I often reflect on what my grandfather started and my father improved, and I see the tremendous good it has done in the Red River Valley. I almost can't believe that I have to defend it. But here I am, ready to defend an efficient industry that's good for my family, good for my community, good for my state, and good for my county.

The biggest question on my mind as I speak to you here today is, "How do I explain to my son that this industry seems about to be sacrificed in the name of foreign relations?"

Thank you.