



Statement from the American Seed Trade Association
To The
U.S. House of Representatives
Subcommittee on Rural Development, Research, Biotechnology and Foreign Agriculture
April 14, 2011

Chairman Johnson and members of the Committee, thank you for the opportunity to provide a statement for the record supporting the U.S. Department of Agriculture's (USDA) cooperator programs and their effectiveness on expanding exports of U.S. agricultural products. On behalf of the American Seed Trade Association (ASTA) and its more than 700 members, we are pleased to provide comment to the Committee regarding the importance of these programs and the American seed industry's participation in them.

Who We Are

Founded in 1883 and located in Alexandria, Va., ASTA is one of the most established trade organizations in the United States. Our membership is involved in production and distribution, plant breeding and related industries around the globe. As an authority on plant germplasm, ASTA advocates science and policy issues important to the industry.

ASTA's mission is to be an effective voice of action in all matters concerning the development, marketing and movement of seed, associated products and services throughout the world. ASTA promotes the development of better seed to produce better crops for a better quality of life. Our members represent all areas of the seed industry – from alfalfa to zucchini and range in size from small and medium regional seed companies, to large multi-nationals. ASTA members develop and market seed produced through conventional plant breeding, organic and modern biotechnology techniques.

Ninety-two percent of ASTA's active members are small businesses that report annual sales of less than \$16 million. Without ASTA's efforts overseas, supported by cooperator program funding, many of these small- to medium-sized companies would not have a representative in key markets. Company participation and access through the programs result in jobs at the local level, increased global sales and profitability.

Importance of Seed

The U.S. seed industry is one of the most dynamic in the world. It is also increasingly subject to the forces of globalization. The U.S. seed industry has a commercial value of approximately \$12 billion.

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With more than 60,000 varieties of planting seed, the United States is the largest and most diverse planting seed market in the world.

An important breeding and technology center for the global seed industry, the United States attracts the largest and most viable seed companies from around the globe. The seed industry is poised to continue to invest a large share of its revenue in research and development in techniques such as genetic engineering and traditional and marker assisted breeding to develop beneficial novel traits and improved germplasm. In the seed industry, there has been a shift in global research expenditures from the public sector to the private sector. Private expenditures during the past two decades have outpaced those of the public sector. This trend was brought about by such factors as increased return from planting seed exports, improved intellectual property rights protection, and the entry of life science companies into the planting seed industry. This trend benefits the U.S. farmer, agricultural commodity groups, food and feed industries. This is especially true for members of the seed industry, where the overwhelming majority of seed companies are small and medium in size and resources.

With the global commercial market for planting seed estimated at \$38.5 billion, the U.S. market is estimated to be 30 percent of the global market. The domestic share of U.S. seed exported is equal to approximately \$1.25 billion which is approximately 10 percent of the overall value of the U.S. seed industry.

A number of factors are needed to support export growth including:

- International regulations that promote the movement of seed
- Improved global economic conditions
- Liberalized government agricultural and trade policies
- Global acceptance of biotechnology and science based regulations
- Bilateral and multilateral free trade agreements
- Adoption and enforcement of intellectual property rights
- Elimination of phytosanitary constraints to trade
- Science based policies and regulations
- Better understanding for how seed moves globally
- Increased demand and familiarity of U.S. cultivars and seed technology

In many emerging markets, it is estimated that formal seed commerce accounts for only 10-20 percent of their total market with the remaining 80-90 percent supplied by the non-commercial or informal market (i.e. farmer saved seed). The global market for seed still shows great potential for future introduction of improved U.S. varieties. However, the implementation of robust intellectual property regulations, particularly in emerging markets around the globe, is necessary for the widespread introduction of these new and improved varieties.

As a Cooperator of the USDA's Foreign Market Development (FMD) and Market Access (MAP) programs, ASTA has been involved in export promotion and development activities for more than 50 years. ASTA does not have an overseas staff, which means the association and its members rely heavily on the USDA-Foreign Agricultural Services' (FAS) offices overseas. ASTA has developed a cooperative and complimentary relationship with FAS posts to achieve U.S. seed industry and USDA objectives in priority markets.

Seed exports continue to track higher and as a Cooperator, ASTA has utilized cooperator program funding for activities that have reinforced this upward trend.

<u>Export Year</u>	<u>U.S. Exports (\$)</u>	<u>World Trade (\$)</u>
2006	879,680,000	3,993,838,493
2007	1,019,679,000	4,033,776,878
2008	1,277,310,000	4,074,114,646
2009	1,150,403,000	4,114,855,733
2010	1,253,484,375	4,156,004,351 (Estimate)

How ASTA Directs Cooperator Funding

ASTA receives approximately \$350,000 between MAP and FMD programs. With this budget, ASTA operates programs and activities in five priority markets (Argentina, Brazil, Mexico, China, and India). In addition, three regional markets (The Americas, Asia Pacific, and Africa) are targeted. Key issues include intellectual property rights, phytosanitary trade barriers and Adventitious Presence/Low-level Presence in seed. Without cooperator program funding, the seed industry's efforts to expand U.S. seed exports and business development would be markedly reduced.

The seed industry is unique in that it is a highly regulated industry worldwide. Utilization of the MAP and FMD programs allows ASTA to address resulting impediments to the international movement of seed. The focus of ASTA's export promotion activities has been primarily focused on six areas:

- International organizational meetings to promote trade in seed and seed technology worldwide and enhancements of intellectual property rights
- Incoming/outgoing trade missions for international consultation and discussions designed to overcome unfair trade practices and addressing phytosanitary issues affecting U.S. seed exports
- Exploratory trade missions designed to collect market intelligence and foster commercial relationships for U.S. seed companies
- Mutually beneficial programs of technical assistance and capacity building designed to encourage seed regulatory and policy reform in less developed or emerging seed markets worldwide
- Viable framework and system promotion for trade in biotechnology products
- International agricultural and seed trade policy specifically focused on intellectual property rights protection and phytosanitary regulations

Measuring Success

In 2010-2011, several key accomplishments were recorded as a result of ASTA's direct participation in the cooperator programs. These specific success stories highlight the diversity of the seed industry, the global nature of agriculture and new opportunities for seed exports.

Mexico's NOM 078 Regulation for Sorghum Ergot Repealed

On Dec. 14, 2010 Mexico's counterpart to USDA's Animal and Plant Health Inspection Service (APHIS) advised that the final steps to deregulate sorghum ergot were complete. For U.S. companies

exporting sorghum seed to Mexico, this victory was a long and hard fought battle. The action, the last step in a three year effort, was well received by U.S. companies that ship more than \$5 million of sorghum seed annually to Mexico. ASTA's ability to direct cooperator funds to the effort complemented APHIS's efforts via extended discussions with government officials and Mexico's seed trade association.

Korean Market for Radish Seed Re-Opened

In 2011, a small seed company was experiencing difficulties exporting radish seed to Korea, due to the radish yellow edge virus (RYEV). Although the company had followed all protocols for meeting Korean import requirements, RYEV had never officially been communicated to the United States by Korea as a quarantine pest. For its part, ASTA began directing efforts and learned that this particular virus was common and most likely already present in Korea. By coordinating testing protocols and industry intelligence, APHIS and ASTA worked with the Korean government to lift its testing requirement for the virus. The market for radish seed has been re-opened and the company immediately shipped four loads of seed, worth nearly \$300,000. The company is planning to ship an additional \$500,000 of radish seed for the remainder of 2011.

Argentina Intellectual Property Rights Outreach Project

The most valuable asset of the seed industry is its intellectual property. ASTA utilized cooperator funds in Argentina to conduct outreach and education to industry stakeholders and growers. The message focused on the value of seed by highlighting research investment and the commitment of the seed industry to bring new and improved varieties to the market each year for growers. Moreover, advancing and acknowledging intellectual property rights was a shared responsibility. The goal of the project was to evaluate whether or not access to information explaining the importance of intellectual property rights for seed and innovation had any effect on growers opinion and their perception of purchasing legal seed. The conclusion was that grower awareness significantly increased and that innovation is better understood.

US/EU Bilateral Agreement on Seed Re-Export

Re-export of seed continues to be a major challenge for the seed industry. Every time seed is moved from one country to another, it must meet the phytosanitary import requirements of the next country of import. In most cases, if the phytosanitary measures were not conducted in the country of origin where the seed was produced, the seed cannot be certified by the country of re-export as meeting the phytosanitary import requirements of the next country. This issue caused many delays and lost markets for numerous seed companies that move seed internationally. ASTA worked closely with USDA's APHIS to negotiate bilateral agreements between countries with significant seed re-export problems. Due to years of APHIS and ASTA diligence, an agreement with the European Union is expected to impact more than \$50 million in seed trade annually. APHIS continues to pursue, with ASTA's support, agreements with other countries where re-export remains an issue, including Mexico, Chile, and Argentina.

2010 China-U.S Seed Legal System Conference

ASTA has been working in China and with the Ministry of Agriculture for a number of years. In 2010, a conference utilizing cooperator funds was held in Beijing to discuss China's seed law and ways to implement revisions and improvements using the United States' Federal Seed Act and state seed laws as models. In addition, presentations and discussions included the United States' seed certification process

and the use of licenses and contracts in the U.S. seed industry. ASTA views these steps as incremental and key to addressing more uniform, harmonized, and transparent views and policies on intellectual property rights for U.S. and global seed developers and enhancing grower awareness.

Brazil Normative 36 Amended, Seed Markets Kept Open

On Dec. 30, 2010, Brazil published with no comment period, Normative 36, which lays out new, highly restrictive phytosanitary import requirements for 118 different species of seeds. Impacting 50 countries that export seeds to Brazil, neither the U.S. seed industry, nor the World Trade Organization or U.S. government was informed prior to publication of the normative. The collective value of the U.S. commercial seed market in Brazil exceeds \$10 million annually. ASTA partnered with USDA through FAS and APHIS to address this issue. While the restrictive normative has been amended for one year, ASTA continues to work diligently with U.S. government as well as ASTA counterparts in Brazil, the Brazil Seed Association (ABRASEM) and Brazil's Ministry of Agriculture for a long term resolution so that seed exports to Brazil will not be further interrupted.

Conclusion

These examples illustrate a number of successes that would not have been possible if the cooperator programs were not in place. Members of the American seed industry have benefitted greatly from the cooperator programs and USDA's leadership via the FMD and MAP programs. Through targeted programs and seed industry efforts, markets have been enhanced, identified and seed is moving. Phytosanitary issues are being addressed and incremental progress continues to be made. ASTA firmly believes that the cooperator programs better position the U.S. seed industry to compete in the global marketplace. Agriculture's foundation is the seed and the U.S. seed industry is poised to continue making headway throughout the world. U.S. agriculture depends on quality seed and each year the U.S. seed industry strives to maintain its position as the global leader. The commercial value of that position is approximately \$12 billion and growing.

Thank you for this opportunity to share with the Committee examples of ASTA's work through the USDA cooperator programs, not only for the seed industry, but U.S. agriculture in general. ASTA's motto – *first the seed* – confirms the relevance and role of quality seed, here at home and around the world. We maintain that the cooperator programs add value to U.S. agriculture, provide dividends to the U.S. taxpayer and support small and medium sized seed companies at the local level. We urge the Congress, as budget discussions continue, to support the cooperator programs at USDA. In doing so, U.S. agriculture benefits and, the U.S. seed industry prospers.