

Testimony of **Bruce Shields** to the House Committee on Commerce and Economic Development, Regarding Resolution HR 16, "Trans-Pacific Partnership Agreement." [TPP] Tuesday, April 26, 2016

I am here to speak on behalf of Vermont's agricultural and timber producers, favoring the TPP and therefore in opposition to HR 16. HR 16 is couched in inflammatory, partisan, and divisive language based upon mistaken hypothetical analysis. But I want to support the TPP on its own merits, rather than by tearing down the misguided language of the anti-TPP resolution.

You will hear from Farm Bureau about a potential increase of Vermont exports resulting from TPP. The biggest beneficiary is dairy (which is also Vermont's largest agricultural sector). But TPP is expected also to open opportunities for Washington State apple growers, which may open the market for Eastern US apples inside the US. Many of the countries participating in this agreement have historically harshly discriminated against American agricultural products, so that even a slight improvement will present a major opportunity for growth.

Now I would like to focus attention on timber. I have been involved with the organization known as Vermont Forest Products Association for more than 37 years. Our members include the leadership of most of Vermont's forest products industry, including timber harvesters, land-owners, timber transporters, sawmills and other primary processors of Vermont trees. Because of historic economic and regulatory choices made in Vermont, we export a very substantial share of our timber, much of it to Canada: if you turn to my Page 1 attached, you will see [Vermont outline] that we recently exported 128,000 cords volume to Canada, importing 1000 cords, and 14,000 cords to overseas directly. An adjacent chart displays that though sawlogs are about 23% of the volume harvested in Vermont annually, they represent 95% of the market value. The bulk of Vermont exports to Canada is either logs or finished lumber; 100% of our international exports is in the form of lumber. Part of the TPP agreement enhances enforcement in other countries against illegal logging. Reduction of illegal logging greatly boosts the market value of such Northern Hardwoods as Vermont can offer internationally. The agreement will selectively benefit our highest value timber exports.

As you can see from the table at top of my Page 2, Vermont produces pulpwood for paper manufacture with substantial volumes and decent value. Every stick is exported to other states or Canada. The American Paper industry [my page 3] supports TPP for the following reason: the US imposes virtually no tariff against foreign made paper. Virtually every signatory of TPP discriminates against US paper. So there is absolutely no downside to TPP for the paper industry.

The American Enterprise Institute, which has for more than 30 years analyzed issues of American competitiveness on the international scene, rates the TPP as worth a Bronze medal. Their analysis, from which I reprint one page [my Page 4], focuses on the fact that TPP is a highly unusual 12 nation multi-lateral negotiation. The US on certain issues — cotton and sugar most notoriously — is among the most crudely protectionist governments in the world. And each of the dozen countries has at least one local favorite to be protected at all costs — Japan, for instance, fiercely defends rice and medium size trucks. But with nearly 4000 provisions slated to be liberalized, the net benefit is fairly clear. I hope you will make an adverse recommendation regarding HR 16.