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November 6, 2014

The Honorable Michael Froman
United States Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Ambassador Froman,

As Trans-Pacific Partnership (TPP) negotiations continue, I write to convey my strong concern about reported developments on provisions that would affect U.S. rice producers. California, including my district, is home to some of the most industrious and cost-efficient medium grain rice production in the world. With direct shipping access to Asian markets, including Japan, our rice exports have enormous growth potential, translating into a direct boost to the economies of many of the small rural towns I represent.

In 2012, the U.S. rice industry made clear in its comments to USTR that any agreement with Japan as part of the TPP must include economically significant market access for U.S. growers and millers. Specifically, it was made clear that any agreement must include an opportunity for qualitative and quantitative market access improvement. At no point have our growers insisted on the impossible full and unfettered, zero-tariff, zero-quota access. In fact, our farmers have already conceded that the Japanese Ministry of Agriculture, Forestry and Fisheries (MAFF) be permitted to continue serving as the sole importer of record. These reasonable concessions made by the U.S. rice industry should be met with reasonable acquiescence, yet it has come to my attention that U.S. rice may receive no meaningful improvement in market access directly to retailers and consumers in Japan. This is unacceptable.

Today, due to the onerous and restrictive Simultaneous Buy-Sell (SBS) tender process orchestrated by MAFF in the purchase of U.S. medium grain rice, little of this high quality rice actually makes it to Japanese grocery shelves and end consumers. Instead, rice is stockpiled and warehoused, where its quality deteriorates. The majority is then utilized for livestock feed, international food aid, or other such uses that deprive consumers of a substantive experience with the product. SBS thus puts U.S. businesses in an impossible position, preventing them from growing consumer demand through the true quality of their product. Imagine the Japanese outcry if U.S. importers treated high-value Japanese electronics similarly. The SBS system has no place in a high-quality 21st century trade agreement, which is what the TPP has promised.

A successful conclusion to the TPP negotiations remains a priority for both the U.S. and Japanese governments. Furthermore, as Japan is our second largest export destination for rice, its neighboring countries (also important U.S. trading partners) will be watching to see how rice imports from the U.S. are treated by this agreement. If completed, the agreement will impact rice farmers in my district for generations to come, and it will be the standard bearer for Asian-Pacific trade relations moving forward. The consequences are real, so we must get this right. Thank you for your work to develop a trade agreement that sets a fair precedent through the inclusion of meaningful market access provisions for rice.

Sincerely,

JOHN GARAMENDI
Third District, California

Cc: Darci Vetter, Chief Agriculture Negotiator