Good morning, Senator Dole and members of the Senate Subcommittee on Production and Price Competitiveness of the Senate Committee on Agriculture, Nutrition and Forestry.

I want to thank you very much for scheduling this hearing regarding a very important issue with the farmers in my state of North Dakota, as well as with farmers throughout the northern tier of states in this country. That issue is the gross disparity between pesticide prices charged to American farmers and those prices charged to their Canadian counterparts.
Currently, American and Canadian farmers use the same chemicals on their fields; but they are marketed under different labels and sold at much lower cost north of the border. S. 1406, the bill before you, simply eliminates that inequity by setting up a process that would allow American farmers to access these lower-priced--but substantively identical--pesticides.
This bi-partisan legislation would direct the Environmental Protection Agency, EPA, upon the request of anyone who can comply with the pesticide registration requirements of the Federal Insecticide, Fungicide, and Rodenticide Act, FIFRA, to register a Canadian pesticide for use in the United States. This registration would take effect if, after analysis by the EPA, the pesticides are of similar use and composition in both countries. The bill also has provisions to allow EPA to delegate portions of the registration process to individual states with EPA having the final authority over the process. This is to conserve the resources of the EPA and at the same time utilize the expertise of State agriculture departments around the country.
According to a 2003 updated study done by North Dakota State University on pesticide pricing, price disparities exist between the United States and Canada. These price disparities cost North Dakota farmers $20 million in increased pesticide costs in 2002 ALONE. That's just North Dakota.

Markets must be segregated if different prices are to be charged for herbicides. The international border and trade restrictions provide the necessary segregation. To eliminate price disparities, U.S. and Canadian herbicide markets must be de-segmented. S. 1406 seeks to eliminate this segregation.

Let me give you some examples:

? Take the chemical "Liberty", a burn down chemical for use in canola. There is a $4.40 per acre price differential (USD) between Canada and the United States. To North Dakota a farmer that is $491,000 in increased costs that they don't need.
? Look at the chemical glyphosate (commonly known as Roundup), which on the surface only has a $1.40 to $1.83 per acre price differential between the U.S. and Canadian prices, but on the 2.25 million acres treated in North Dakota it means $3.7 million in increased chemical costs for North Dakota farmers in 2002.

? The chemical Puma cost North Dakota farmers over $11 million more to apply.

? The chemical "Stinger" sold as "Lontrel" in Canada. Both are similar use pesticides and both contain the same active ingredient. There is a whopping $9.35 per acre difference between the chemicals.

This is outrageous!!!
I have come before the Senate time and again to talk about the hidden inequities of trade. Trade

must be fair, and the pricing inequities of Canadian and United States similar use pesticides have been a glaring weakness of the free trade initiative. For far too long, American farmers have watched their neighbors to the north apply pesticides that are used in both countries, used on the same crops, and yet Canadian producers get a price cut.

Article 102 of NAFTA states:

1. The objectives of this Agreement, as elaborated more specifically through its principles and rules, including national treatment, most-favored-nation treatment and transparency, are to:

a) eliminate barriers to trade in, and facilitate the cross-border movement of, goods and services between the territories of the Parties;

b) promote conditions of fair competition in the free trade area;

This pesticide price disparity that exists is a classic example of an trade barrier between the U.S. and Canada that prevents free trade that further promotes unfair competition between our nations' farmers. This condition ought not be allowed to continue.

Our farmers are also concerned that similar use pesticides are being utilized by farmers in Canada to produce wheat, barley, and other agricultural commodities which are subsequently imported and consumed in the United States. They rightfully believe it to be unfair to import commodities produced with agricultural pesticides that are not available to U.S. producers. If commodities grown with the use of these Canadian pesticides are deemed safe enough for import and consumption in the United States, why would we make American producers pay 117 percent to 193 percent more in chemical costs to produce the same crops? The current scenario doesn't make sense.

By not addressing the chemical pricing problems we have between the U.S. and Canada, we put our farmers at a severe disadvantage globally. This is totally unacceptable.

S. 1406 is not an ending, but a beginning. Hidden trade barriers and schemes riddle the fabric of our trade agreements. We cannot continue to accept trade practices that on the one hand hamstring Americans, and on the other hand, unduly promote our competitors. We cannot allow our competitors to sell us commodities treated with lower priced chemicals that are used both in Canada and the United States, tell our consumers that the chemicals used on those commodities are perfectly safe, and yet not give our producers access to those same chemicals at a lower price. This is a classic example of free trade gone bad.

We ought not accept second best all of the time, and today the United States Senate can take a step in bringing American producers back to a level playing field.